

**Norphlet Operating Committee Minutes**  
**April 15, 2008**

The Operating Committee met at 7 30 p.m Central Standard Time on April 15, 2008 Attendees were Scott Reed, W L Cook, David Henry, Brian Brooks, Evert Talbot, Charles Long, Scott Carter, Billy Spector, and Bob James

Bob James talked about the plans for tomorrow's Board meeting. W L Cook what would be the procedure if John and Jeff came to the meeting and acted in their previous capacities of Chief Executive Officer and President David Henry said the Board would vote them out of office, which is allowed by the By-laws. We could not vote them out as Board members. David said that the shareholders are the only ones with the power to vote a Board member off the Board Bob James recommended that we contact Jim Beachboard of DDH for his advice of this potential issue.

Evert Talbot said Ronnie Jackson was on his way home from Colorado to review the testing of the liquid phase reaction times. He said that Ronnie will have a report of the progress at tomorrow afternoon's technical meeting Bob James said we need to push the outside consultants as much as possible for answers even though we are only in Phase 1 of the evaluation There was a lengthy discussion on liquid phase vs vapor phase for the plant

Bob James said that creating a revenue stream as soon as possible is critical He directed David Henry to review the cost of the plant's insurance program (Property, Worker's Comp, General Liability and Umbrella, to revisit the monthly amount we are paying on old accounts payable, and to pay the payroll taxes as they are due to avoid future penalties

Bob then presented the Jones-Hamilton requests for compensation for the funds loaned to the company. He said that JH is asking for the HCL at no cost in perpetuity Bob said that the current pricing structure is very complex and it had been offered to JH in the past David said that the original proforma had no revenue stream for the HCL. Bob said that the funds extended to the company since January 17, 2008 is high risk capital He is asking that for every 100,000.00 loaned to the company any source, the loaner should receive one percent (1.00%) of any distribution to shareholders in perpetuity W.L Cook said that would have to be calculated as some kind of consulting fee and that this would dilute the distributions to the current shareholders but not their share of the company No vote was taken on either issue, but only presented for the Committee to be aware of the Jones-Hamilton request



Expenditures since January 17 through April 18, 2008 will be \$1,664,544 David Henry presented a breakdown of the expenses as well as a forecast of the expenses for the next six months

Regards,  
David Henry

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